



# LAKESHORE

F O O D A D V I S O R S



## Weekly Update

Monday, June 10, 2019

### *Strong Gains Despite Weak Jobs Report*

Stocks closed higher, with the S&P rallying for the best weekly gain in six months while bond yields declined to their lowest levels in two years. Stocks were propelled by increased expectations of a Fed rate cut along with hopes that the U.S. and Mexico can reach a deal to avoid tariffs. The unemployment rate remained steady despite job gains for the month of May coming in below expectations.

The **Dow Jones Industrial Average** surged 4.7%, finishing at 25,984.

The **S&P 500** gained 4.4% on the week, finishing at 2,873.

The **NASDAQ Composite** tacked on 3.9% on the week, finishing at 7,742.

Yield on the **10-year Treasury** decreased five basis point during the week, ending at 2.09%.

**Crude oil** gained 0.9% on the week, ending at \$53.99 per barrel.

**Corn** decreased 2.6% on the week, ending at \$4.16 per bushel.

Mary Burke  
Partner  
312.348.7081  
mburke@lakeshorefoodadvisors.com

William Whipple  
Partner  
312.348.7076  
wwhipple@lakeshorefoodadvisors.com

Lakeshore Food Advisors, LLC  
20 North Wacker Drive  
Suite 1701  
Chicago, IL 60606

**NASDAQ Highs:** Beyond Meat, Inc., Costco Wholesale Corp., Mondelez International, Inc., Freshpet, Inc., PepsiCo, Inc., Starbucks Corp. Wendy's Company, Wingstop Inc. **Lows:** Andersons, Inc., Cal-Maine Foods, Inc., Potbelly Corp., Renewable Energy Group, Inc., SpartanNash Company

**NYSE Highs:** Brown-Forman Corp., Coca-Cola Company, Diageo plc, Dollar General Corp., The Hershey Company, McCormick & Company Inc., McDonald's Corp., Scotts Miracle-Gro Company, Unilever N.V., Walmart Inc., YUM! Brands, Inc., Zoetis Inc. **Lows:** American Vanguard Corp., Dean Foods Company, Natural Grocers by Vitamin Cottage, Inc., Weis Markets, Inc.

### *Featured Stocks of the Week:*

Walmart, Inc. (NYSE: WMT) 10-Year History



Cal-Maine Foods, Inc. (NASDAQ: CALM) 10-Year History



# The Lakeshore Food Chain

Company Name	Price 6/7/19	Price Compared to 5/31/19	52-Week Range		Price as Compared to YE:		Forward P/E	Enterprise Value to LTM:		Total Debt to LTM EBITDA	
			High	Low	2018	2017		Revenue	EBITDA		
											Sector Average:
Dow Jones Industrial Average	25,984	4.7%	26,828	21,792	11.4%	5.1%	16.5x				
S&P 500	2,873	4.4%	2,946	2,351	14.6%	7.5%	17.0				
NASDAQ Composite Index	7,742	3.9%	8,164	6,193	16.7%	12.1%					
		Sector Average:				14.2%	8.2%				
<b>AGRICULTURAL LAND HOLDINGS</b>											
Farmland Partners Inc.	\$6.36	2.7%	\$9.19	\$4.45	40.1%	(26.7%)	74.8x	17.71x	26.0x	13.8x	
Gladstone Land Corporation	12.24	(1.3%)	13.85	11.12	6.6%	(8.9%)	NM	16.02	27.6	17.7	
Limoneira Company	18.95	0.0%	33.42	18.07	(3.1%)	(15.4%)	28.9	3.17	24.4	5.5	
		Sector Average:				14.5%	(17.0%)	34.6x	12.30x	26.0x	12.3x
<b>INPUTS</b>											
American Vanguard Corporation	\$13.27	(0.1%)	\$23.90	\$12.69	(12.6%)	(32.5%)	14.4x	1.22x	8.9x	2.6x	
CF Industries Holdings, Inc.	42.03	4.4%	56.51	38.90	(3.4%)	(1.2%)	18.8	3.65	9.9	3.1	
Corteva, Inc.	26.31	NM	28.22	24.35	NA	NA	20.5	3.49	30.0	0.0	
FMC Corporation	80.72	9.9%	92.76	69.36	9.1%	(14.7%)	13.4	2.89	10.7	2.6	
Intrepid Potash, Inc.	3.24	2.5%	4.86	2.51	24.6%	(31.9%)	15.5	2.70	7.9	1.0	
The Mosaic Company	22.15	3.2%	37.37	20.81	(24.2%)	(13.7%)	11.6	1.40	6.4	2.4	
* Nutrien Ltd.	51.68	6.0%	57.34	45.14	10.0%	NA	16.5	2.17	10.6	2.8	
S&W Seed Company	2.69	(9.0%)	3.40	1.81	48.3%	(31.2%)	NM	2.06	NM	NM	
The Scotts Miracle-Gro Company	94.00	5.0%	94.70	57.96	52.9%	(12.1%)	20.8	2.60	15.7	5.0	
Zoetis Inc.	110.06	8.9%	110.90	78.90	28.7%	52.8%	31.3	9.72	26.4	3.0	
		Sector Average:				14.8%	(10.6%)	18.1x	3.19x	14.0x	2.5x
<b>AGRICULTURAL EQUIPMENT</b>											
* Ag Growth International Inc.	\$39.67	1.3%	\$48.72	\$32.94	15.7%	(6.7%)	14.8x	1.81x	11.9x	5.6x	
AGCO Corporation	69.75	4.8%	75.56	49.50	25.3%	(2.4%)	14.1	0.77	8.5	2.6	
Art's-Way Manufacturing Co., Inc.	2.05	2.3%	3.81	1.85	2.5%	(31.3%)	0.0	0.81	NM	NM	
* Buhler Industries Inc.	2.72	2.0%	3.00	2.66	(3.7%)	(21.4%)	0.0	0.48	NM	NM	
CNH Industrial N.V.	9.15	5.5%	12.68	8.41	(0.7%)	(31.7%)	10.5	1.22	11.9	8.7	
Deere & Company	148.71	6.1%	169.99	128.32	(0.3%)	(5.0%)	13.9	2.28	14.6	7.4	
Lindsay Corporation	83.00	4.6%	109.50	76.35	(13.8%)	(5.9%)	29.6	1.77	24.1	3.1	
Titan Machinery Inc.	16.24	(2.9%)	20.85	11.99	23.5%	(23.3%)	17.1	0.66	15.5	10.2	
		Sector Average:				6.1%	(16.0%)	16.7x	1.23x	15.6x	7.0x
<b>AGRIBUSINESS</b>											
* AGT Food and Ingredients Inc.	\$13.54	1.7%	\$14.14	\$9.79	11.0%	(15.6%)	0.0x	0.73x	18.8x	9.5x	
The Andersons, Inc.	26.69	(1.8%)	41.70	26.09	(10.7%)	(14.3%)	11.7	0.56	14.0	10.5	
Archer-Daniels-Midland Company	39.58	3.3%	52.07	37.77	(3.4%)	(1.2%)	11.1	0.50	9.9	3.9	
Bunge Limited	55.15	5.5%	73.13	47.26	3.2%	(17.8%)	19.8	0.34	9.3	4.2	
Darling Ingredients Inc.	19.24	1.8%	22.62	17.99	0.0%	6.1%	23.8	1.48	9.7	4.3	
* Gruma, S.A.B. de C.V.	9.57	0.3%	13.18	8.99	(15.5%)	(24.6%)	14.8	1.34	8.4	2.2	
Ingredion Incorporated	80.71	6.0%	116.39	75.67	(11.7%)	(42.3%)	11.5	1.27	7.8	2.3	
Landec Corporation	9.50	(4.2%)	15.60	9.02	(19.8%)	(24.6%)	36.8	0.77	15.2	5.3	
MGP Ingredients, Inc.	64.12	6.5%	100.00	53.66	12.4%	(16.6%)	24.9	3.02	19.2	0.8	
* Olam International Limited	1.38	6.7%	1.71	1.15	14.0%	(9.1%)	12.6	0.49	11.8	9.3	
		Sector Average:				(2.0%)	(16.0%)	16.7x	1.05x	12.4x	5.2x
<b>DIVERSIFIED FOODS</b>											
B&G Foods, Inc.	\$23.21	5.7%	\$33.50	\$21.10	(19.7%)	(34.0%)	12.6x	1.89x	10.7x	5.7x	
Campbell Soup Company	43.08	18.6%	43.98	32.04	30.6%	(10.5%)	17.0	2.19	11.3	4.7	
Conagra Brands, Inc.	29.63	10.7%	39.43	20.22	38.7%	(21.3%)	14.3	2.85	13.3	6.1	
General Mills, Inc.	51.81	4.8%	53.66	36.42	33.1%	(12.6%)	15.9	2.79	12.5	4.1	
The Hain Celestial Group, Inc.	21.02	3.1%	31.53	14.45	32.5%	(50.4%)	27.5	1.23	17.2	4.4	
The J. M. Smucker Company	124.53	2.4%	128.43	91.32	33.2%	0.2%	14.7	2.55	12.1	3.6	
Kellogg Company	55.99	6.5%	74.98	51.34	(1.8%)	(17.6%)	14.5	2.13	11.7	4.2	
The Kraft Heinz Company	28.74	3.9%	64.99	26.96	(33.2%)	(63.0%)	10.3	2.48	9.2	4.4	
Lancaster Colony Corporation	147.62	2.6%	194.38	128.89	(16.5%)	14.2%	26.6	3.00	18.3	0.0	
Mondelez International, Inc.	54.02	6.2%	54.30	38.79	34.9%	26.2%	21.4	3.76	20.0	4.6	
* Nestlé S.A.	102.76	3.7%	103.15	73.90	26.7%	19.5%	22.7	3.63	17.3	2.2	
* Nomad Foods Limited	20.92	(1.4%)	22.67	15.87	25.1%	23.7%	15.3	2.30	14.0	5.2	
Post Holdings, Inc.	106.79	1.6%	113.73	80.05	19.8%	34.8%	19.5	2.36	12.4	5.6	
SunOpta Inc.	3.73	(2.0%)	9.01	2.20	(3.5%)	(51.6%)	NM	0.74	23.6	13.4	
TreeHouse Foods, Inc.	54.55	4.6%	67.88	41.18	7.6%	10.3%	21.5	0.99	11.2	5.2	
Unilever N.V.	61.38	2.0%	62.24	51.15	13.1%	8.9%	20.8	3.19	11.5	1.8	
		Sector Average:				13.8%	(7.2%)	18.3x	2.38x	14.2x	4.7x

Company Name	Price 6/7/19	Price Compared to 5/31/19	52-Week Range		Price as Compared to YE:		Forward P/E	Enterprise Value to LTM:		Total Debt to LTM EBITDA
			High	Low	2018	2017		Revenue	EBITDA	
<b>ETHANOL</b>										
Green Plains Inc.	\$12.46	(4.5%)	\$21.00	\$12.00	(5.0%)	(26.1%)	NM	0.40x	46.4x	31.6x
Pacific Ethanol, Inc.	0.87	(10.8%)	3.24	0.76	0.5%	(81.0%)	NM	0.22	NM	NM
Renewable Energy Group, Inc.	14.35	(8.2%)	32.52	13.75	(44.2%)	21.6%	7.0	0.34	7.3	3.4
Sector Average:					(16.2%)	(28.5%)	7.0x	0.32x	26.9x	17.5x
<b>FRUIT &amp; VEGETABLE</b>										
Calavo Growers, Inc.	\$92.00	5.2%	\$108.00	\$67.52	26.1%	9.0%	27.9x	1.47x	29.3x	0.4x
Fresh Del Monte Produce Inc.	26.98	7.8%	45.30	24.15	(4.6%)	(43.4%)	14.7	0.50	13.3	5.2
Lamb Weston Holdings, Inc.	60.99	2.9%	83.86	59.16	(17.1%)	8.0%	17.9	3.09	13.1	3.0
Seneca Foods Corporation	25.08	1.5%	35.90	21.97	(11.1%)	(18.4%)	0.0	0.44	NM	NM
* Total Produce plc	1.75	(2.7%)	2.61	1.50	7.8%	(43.2%)	10.8	0.24	7.7	2.9
Sector Average:					0.2%	(17.6%)	14.3x	0.66x	15.8x	2.9x
<b>PROTEIN</b>										
Beyond Meat, Inc.	138.65	33.2%	149.46	45.00	NA	NA	NM	NM	NM	NM
Cal-Maine Foods, Inc.	39.57	6.9%	52.30	36.65	(6.5%)	(11.0%)	67.1	1.04	6.9	0.0
Hormel Foods Corporation	42.05	6.5%	46.26	35.35	(1.5%)	15.6%	24.8	2.30	15.8	0.2
Industrias Bachoco, S.A.B. de C.V.	51.25	(2.4%)	62.50	37.66	29.6%	(10.6%)	14.5	0.64	11.0	1.3
* JBS S.A.	5.61	0.4%	6.42	2.12	87.4%	89.4%	9.7	0.61	9.2	5.0
Nathan's Famous, Inc.	64.14	(5.1%)	107.05	62.20	(3.5%)	(15.0%)	0.0	3.42	12.0	5.1
Pilgrim's Pride Corporation	27.03	5.7%	29.32	14.83	74.3%	(13.0%)	13.6	0.83	12.8	3.8
Sanderson Farms, Inc.	142.03	3.9%	154.82	93.98	43.0%	2.3%	17.6	0.97	29.0	0.9
Seaboard Corporation	3,954.39	(3.6%)	4,743.71	3,434.71	11.8%	(10.3%)	0.0	0.71	30.2	7.4
Tyson Foods, Inc.	82.45	8.6%	83.36	49.77	54.4%	1.7%	13.1	1.04	10.2	3.0
Sector Average:					26.8%	(5.0%)	17.8x	1.3x	15.3x	3.0x
<b>BAKING &amp; INGREDIENTS</b>										
* ARYZTA AG	\$1.18	(7.4%)	\$16.92	\$1.01	6.5%	(97.0%)	9.8x	0.54x	6.1x	4.8x
Balchem Corporation	96.61	6.5%	117.79	73.16	23.3%	19.9%	30.8	5.06	21.3	1.0
Flowers Foods, Inc.	22.77	1.8%	23.39	17.78	23.3%	17.9%	22.6	1.54	15.0	3.3
* Grupo Bimbo, S.A.B. de C.V.	2.10	4.2%	2.23	1.79	5.6%	(5.1%)	22.7	1.04	8.5	3.2
J & J Snack Foods Corp.	164.07	2.0%	167.50	138.40	13.5%	8.1%	31.8	2.55	18.4	0.0
* Kerry Group plc	120.07	4.1%	121.09	96.72	21.2%	6.9%	27.1	3.09	22.3	2.3
McCormick & Company, Incorporated	157.80	1.1%	159.57	101.20	13.3%	54.8%	30.1	4.70	22.6	4.3
* Tate & Lyle plc	9.45	3.7%	10.32	7.87	12.3%	(0.6%)	14.2	1.36	7.9	1.3
Sector Average:					14.9%	0.6%	23.6x	2.48x	15.3x	2.5x
<b>CANDY, NUTS, &amp; SNACKS</b>										
Bridgford Foods Corporation	\$28.15	(2.9%)	\$32.76	\$12.56	41.7%	124.3%	26.3x	1.44x	20.7x	0.7x
The Hershey Company	138.01	4.6%	139.34	89.84	28.8%	21.6%	0.0	4.21	16.9	2.4
John B. Sanfilippo & Son, Inc.	80.00	4.4%	83.57	53.12	43.7%	26.5%	26.7	1.12	14.6	1.0
Rocky Mountain Chocolate Factory, Inc.	8.88	(7.0%)	11.56	7.95	4.3%	(24.6%)	0.0	1.41	9.9	0.2
Tootsie Roll Industries, Inc.	38.98	2.7%	40.82	26.96	20.2%	13.6%	0.0	4.44	25.3	0.1
Sector Average:					27.7%	32.3%	13.3x	2.52x	17.5x	0.9x
<b>PET FOOD AND PRODUCTS</b>										
Central Garden & Pet Company	\$28.37	0.8%	\$45.02	\$25.07	(17.6%)	(27.1%)	15.0x	0.83x	9.6x	3.4x
Freshpet, Inc.	47.53	2.3%	49.06	23.15	47.8%	150.8%	271.6	8.40	174.3	2.0
Sector Average:					(17.6%)	(27.1%)	15.0x	4.62x	9.6x	2.7x
<b>WINE &amp; BEVERAGE</b>										
The Boston Beer Company, Inc.	\$320.40	1.9%	\$353.02	\$230.93	33.0%	67.7%	36.7x	3.43x	19.2x	0.2x
Brown-Forman Corporation	56.50	13.0%	56.87	44.57	18.7%	2.8%	31.5	8.72	24.3	2.0
The Coca-Cola Company	51.49	4.8%	52.19	42.96	8.7%	12.2%	24.1	7.92	21.9	4.3
Constellation Brands, Inc.	188.40	6.8%	234.26	150.37	17.1%	(17.6%)	22.0	6.11	9.8	4.6
* Cott Corporation	13.25	1.8%	16.86	12.97	(4.9%)	(20.8%)	30.0	1.33	11.5	5.6
Craft Brew Alliance, Inc.	14.07	1.9%	21.00	13.16	(1.7%)	(26.7%)	58.9	1.67	31.6	6.5
Crimson Wine Group, Ltd.	8.21	0.1%	9.45	7.26	4.9%	(23.1%)	0.0	2.75	25.6	3.1
* Diageo plc	43.41	3.4%	43.47	32.02	21.8%	17.8%	25.5	7.42	19.8	2.8
Monster Beverage Corporation	65.92	6.6%	66.38	47.74	33.9%	4.2%	31.4	8.96	24.9	0.0
Jones Soda Co.	0.61	(3.2%)	0.98	0.22	159.1%	67.1%	0.0	2.30	NM	NM
National Beverage Corp.	48.38	7.2%	127.32	44.60	(32.6%)	(50.3%)	17.0	1.95	9.4	0.0
PepsiCo, Inc.	133.47	4.3%	134.71	101.18	20.8%	11.3%	23.6	3.31	16.5	2.5
Starbucks Corporation	82.48	8.4%	83.33	47.37	28.1%	43.6%	28.5	4.19	19.7	1.8
Willamette Valley Vineyards, Inc.	7.08	1.8%	8.55	6.66	2.8%	(14.2%)	0.0	2.49	10.0	2.2
Sector Average:					22.1%	9.6%	23.5x	4.47x	18.8x	2.7x

Company Name	Price	Price	52-Week Range		Price as Compared to		Forward	Enterprise Value to LTM:		Total Debt
	6/7/19	5/31/19	High	Low	2018	2017		P/E	Revenue	EBITDA
<b>DAIRY</b>										
* Danone SA	\$81.93	2.9%	\$82.72	\$67.71	16.3%	(2.5%)	18.4x	2.43x	11.4x	4.0x
Dean Foods Company	1.23	11.8%	11.14	1.00	(67.7%)	(89.4%)	NM	0.19	29.5	32.7
Lifeway Foods, Inc.	2.40	12.7%	6.54	1.81	27.7%	(70.0%)	0.0	0.41	21.9	3.1
* Saputo Inc.	30.21	(9.2%)	34.93	26.77	5.2%	(16.2%)	22.7	1.33	15.0	2.0
Sector Average:					(4.6%)	(44.5%)	20.6x	1.09x	19.5x	10.5x
<b>WHOLESALE, FOOD SERVICE, &amp; DISTRIBUTION</b>										
The Chefs' Warehouse, Inc.	\$32.23	1.8%	\$39.26	\$26.25	0.8%	57.2%	30.0x	0.92x	19.4x	5.9x
Core-Mark Holding Company, Inc.	39.01	5.8%	40.38	19.88	67.8%	23.5%	24.1	0.17	16.2	3.5
Performance Food Group Company	40.02	1.7%	41.85	28.05	24.0%	20.9%	22.3	0.29	12.7	2.8
SpartanNash Company	11.87	2.9%	26.50	11.12	(30.9%)	(55.5%)	9.2	0.18	8.3	6.0
Sysco Corporation	71.50	3.9%	75.98	59.44	14.1%	17.7%	19.2	0.75	13.2	2.6
United Natural Foods, Inc.	10.24	0.9%	44.94	9.23	(3.3%)	(79.2%)	5.4	0.21	9.7	8.4
US Foods Holding Corp.	35.80	3.6%	40.92	27.51	13.1%	12.1%	15.9	0.47	10.8	3.5
Sector Average:					12.2%	(0.5%)	18.0x	0.43x	12.9x	4.7x
<b>MASS MERCHANDISE &amp; CLUB STORES</b>										
BJ's Wholesale Club	\$24.76	(0.9%)	\$32.92	\$19.31	11.7%	NA	16.4x	0.56x	14.0x	7.5x
Costco Wholesale Corporation	256.01	6.9%	256.60	189.51	25.7%	37.6%	30.8	0.74	18.0	1.1
Walmart Inc.	106.06	4.6%	106.36	82.37	13.9%	7.4%	21.8	0.73	11.5	2.3
Sector Average:					19.8%	22.5%	26.3x	0.74x	14.8x	1.7x
<b>DOLLAR STORES</b>										
Dollar General Corporation	\$133.15	4.6%	\$133.43	\$93.78	23.2%	43.2%	18.1x	1.32x	13.1x	1.1x
Dollar Tree, Inc.	102.64	1.0%	111.61	78.78	13.6%	(4.4%)	17.4	1.20	10.6	1.9
Sector Average:					18.4%	19.4%	17.7x	1.26x	11.9x	1.5x
<b>TRADITIONAL RETAIL</b>										
* Ahold Delhaize	\$23.15	3.2%	\$27.22	\$21.09	(8.4%)	5.2%	14.2x	0.48x	7.1x	2.2x
Ingles Markets, Incorporated	30.01	0.7%	37.65	25.57	10.2%	(13.3%)	9.0	0.35	6.1	3.7
The Kroger Co.	23.93	4.9%	32.74	22.44	(13.0%)	(12.8%)	12.5	0.30	7.4	3.0
Village Super Market, Inc.	25.55	(3.5%)	32.20	23.75	(4.5%)	11.4%	NA	0.22	5.8	0.8
Weis Markets, Inc.	37.98	0.5%	57.71	36.49	(20.5%)	(8.2%)	NA	0.36	6.9	0.0
Sector Average:					(11.6%)	(3.5%)	11.9x	0.34x	6.7x	1.9x
<b>SPECIALTY RETAIL</b>										
Natural Grocers by Vitamin Cottage, Inc.	\$10.06	(2.0%)	\$24.50	\$9.94	(34.4%)	12.7%	34.2x	0.41x	7.6x	1.2x
Sprouts Farmers Market, Inc.	20.44	1.9%	29.67	19.72	(13.1%)	(16.1%)	18.2	0.70	10.4	1.7
Sector Average:					(23.7%)	(1.7%)	26.2x	0.55x	9.0x	1.5x
<b>TRADITIONAL RESTAURANTS</b>										
Brinker International, Inc.	\$38.23	1.8%	\$54.14	\$36.82	(13.1%)	(1.6%)	11.1x	0.92x	7.4x	3.2x
The Cheesecake Factory Incorporated	44.50	2.9%	60.19	41.63	2.3%	(7.6%)	17.5	0.92	9.3	0.6
Darden Restaurants, Inc.	121.32	4.3%	125.33	90.54	21.5%	26.3%	18.7	1.73	12.7	0.9
Dine Brands Global, Inc.	95.76	1.4%	101.18	63.82	42.2%	88.8%	12.0	4.42	14.0	7.2
Jack in the Box Inc.	86.51	4.0%	93.98	74.19	11.4%	(11.8%)	19.3	3.69	12.3	4.1
McDonald's Corporation	205.48	3.6%	206.39	153.13	15.7%	19.4%	21.4	7.84	16.2	3.1
The Wendy's Company	19.88	8.1%	20.14	14.96	27.4%	21.1%	28.2	5.00	15.3	6.9
YUM! Brands, Inc.	109.07	6.6%	109.63	77.09	18.7%	33.6%	24.8	6.80	20.5	5.3
Sector Average:					15.8%	11.3%	19.1x	3.35x	13.5x	3.9x
<b>HIGH-GROWTH RESTAURANTS</b>										
Chipotle Mexican Grill, Inc.	\$709.87	7.6%	\$727.00	\$383.20	64.4%	145.6%	47.7x	3.17x	27.9x	0.0x
El Pollo Loco Holdings, Inc.	11.03	5.2%	18.47	10.02	(27.3%)	11.4%	19.4	1.58	11.3	1.2
The Habit Restaurants, Inc.	10.44	2.4%	18.30	9.40	(0.6%)	9.3%	90.8	0.59	7.5	0.6
Noodles & Company	7.16	(1.0%)	13.50	5.85	2.4%	36.4%	56.2	0.78	11.4	1.5
Papa Murphy's Holdings, Inc.	0.00	#DIV/0!	0.00	0.00	NA	NA	NA	1.76	8.0	4.2
Potbelly Corporation	4.52	(10.1%)	14.15	4.50	(43.9%)	(63.3%)	32.1	0.42	5.4	0.0
Shake Shack Inc.	63.68	3.8%	70.12	40.67	40.2%	47.4%	72.9	3.41	22.5	0.3
Wingstop Inc.	90.44	13.5%	91.53	47.83	40.9%	132.0%	82.6	18.28	47.4	4.6
Sector Average:					12.3%	47.1%	57.4x	1.46x	11.7x	1.4x

**Notes:**

\* Denotes local currency.

Source: Capital IQ.

Summary multiples adjusted for extraordinary and non-recurring items; outliers excluded from mean calculation.

## Major Indices (1-year & 12-year History)

### S&P 500



### Dow Jones Industrial Average



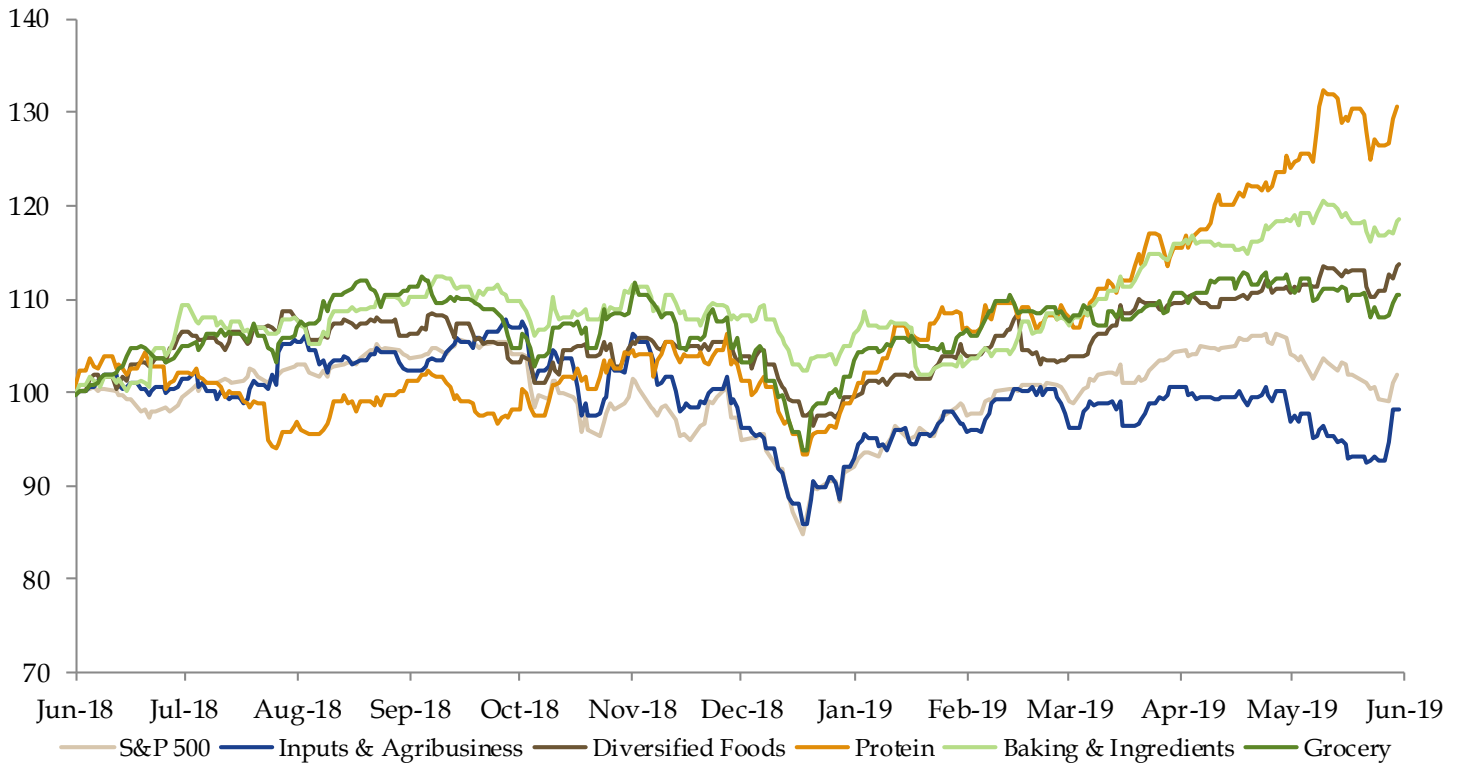
### 10-year Treasury



### CBOE Market Volatility Index - VIX



## Lakeshore Sector Indices vs. S&P 500 (1-year Only)



## Food For Thought...

*Partner Column*

*Written By Mary Burke*

It all starts in the dirt and this spring the weather has impacted the dirt and what has been planted so far and what will be planted. Take a look at the crop progress report issued last week.

	June 2, 2019 (percent)	5-year average (percent)
Corn planted (18 states)	67%	96%
Corn emerged (18 states)	46%	84%
Soybeans planted (18 states)	39%	79%
Soybeans emerged (18 states)	19%	56%
Cotton planted (15 states)	71%	72%
Sorghum planted (6 states)	35%	53%
Peanuts planted	86%	85%

\*the state number represents over 9% of the 2018 acreage for that crop

So, what does this mean? It is only mid-June but it is safe to say there will be less corn and soybeans this year. Farmers will have another tough year and farm income will continue to decline. This affects almost all of the sectors we cover. What is your company doing to prepare?

*Have a good week!*



## Food For Thought...

**Campbell Soup Exceeds Q3 Earnings.** Campbell Soup Co reported an impressive third quarter, as both earnings and revenue beat analysts' expectations. The results have prompted the company to raise its full-year profit outlook, as demand for its snack brands continues to rise. Last year, their \$6.1 billion acquisition of snacks maker Snyder's-Lance added established brands such as Cape Cod and Goldfish to its U.S. snacks portfolio, fueling sales growth in its global biscuits and snacks category by 37% to \$1.15 billion in the third quarter.

This marks the third consecutive quarter that Campbell met or exceeded its earnings outlook. CEO Mark Clouse noted that "growth trends in Pepperidge Farm and improvements in the Snyder's-Lance portfolio" have been the chief drivers of sales, as the company continues to increase marketing and launch new products within its snack business. Clouse later added that "there is more to do in the meals and beverages segment," as the company looks to make improvements on gross margin and stabilization of sales within the sector. Campbell forecasts full-year net sales of up to \$9.1 billion, a 5% increase from \$8.7 billion in 2018.

**Beyond Meat Beats Post-IPO Q1 Estimates.** Beyond Meat topped Wall Street expectations in its first quarter after going public late last month. Despite a first-quarter net loss of \$6.6 million, the plant-based meat substitute reported a 215% increase to \$40.2 million in net sales, beating expectations by more than 3%. Their impressive revenue growth was attributed primarily to increased sales of the Beyond Burger, the company's plant-based vegan "beef" patty. The company has marketed its products to not only vegetarians and vegans, but consumers seeking ways to reduce their meat intake for environmental and health reasons. Rapid demand for these alternatives is expected to increase the market for plant-based substitutes from \$1.44 to \$2.5 billion by 2023.

Additional companies have begun to followed suit. Nestle looks to launch their Sweet Earth brand in the fall and Tyson sold their pre-IPO stake in Beyond in order to create their own line. As the space becomes more crowded, Beyond's CEO Ethan Brown commented that "I am very focused on grabbing as much land as I can as we have this leadership position." He later made comments on the company's plans to begin partnering with global fast-food chains, in addition to already-existing sales agreements with Carl's Jr. and Del Taco. Beyond's yearly revenue is expected to double to more than \$210 million.

**United Natural Foods Announces Q3 Earnings.** United Natural Foods announced earnings that topped expectations, despite sales falling short of analyst estimates by 3.5%. The specialty and organic foods distributor have surpassed EPS estimates twice over the last four quarters, due in part to their \$2.9 billion acquisition of conventional wholesale distributor Supervalu Inc last October. CEO Steven Spinner commented that the acquisition has allowed the company to integrate Supervalu's "great private brand and professional service portfolio into one company with a single reporting structure." This has further enabled the company to announce the completion of a single, national leadership team and standardized payroll platform.

Trends in consumer retail point to top customer demands for wholesale distributors of scale and diversity. New store openings have slowed as retailers adapt to changing consumer and household trends. The general softness across industry has led to only 2.8% topline growth for the natural side of United Natural Foods. Sales on the conventional side totaled \$3.2 billion, a slight decrease from the previous year's period.

Cost synergies are on track to reach \$36 million by the end of the fiscal year, and upwards of \$185 million by 2022. Spinner further noted that the revenue synergies as a result of "cross-selling professional services and a broadened product portfolio" have started to materialize during the last quarter.

**Calavo Growers Produces Record Q2 Results.** The international fresh food packager and distributor reported an all-time record quarter, with revenues increasing by an impressive 8% to \$286 million in comparison to last year's corresponding period. Sales were driven primarily by strong performance in the company's core fresh-avocado and guacamole business, as related unit volume and gross profit has increased year over year due to strong and predictable patterns of demand. Furthermore, net income of \$16.3 million marks an all-time quarterly earnings record for Calavo, an increase of 15% from that of 2018.

Sales in the company's Renaissance Food Group (RFG) segment rose 9% to \$114 million from last year's same quarter in spite of several headwinds. Calavo President and CEO Lee Cole addressed challenges related to "raw-material quality, price and availability in the late first quarter that continued to impact profitability during the most recent period." He added that RFG encountered "unexpected challenges at one of its co-packers as a result of a food-safety issue," producing a gross profit of only \$2.8 million compared to \$9.3 million from last year.

## Heard on the Street...

### ***Godiva Announces Partnership With General Mills.***

Global leader in premium chocolate Godiva announced the launch of premium baking mixes in partnership with General Mills. The partnership marks Godiva's expansion into the baking ingredients aisle, as the chocolatier seeks to incorporate their signature chocolate into a variety of baking mixes that will assist in creating home-made specialty desserts. The line of mixes includes Molten Lava Cake, Brownie Cheesecake Swirl, Raspberry Chocolate Torte and Flourless Chocolate Torte. All lines are currently on select shelves at Kroger, Walmart, Supervalu and Target, selling at an SRP of \$4.99 for one 10.4-oz box featuring 72% Dark Godiva chocolate callets.

General Mills will provide its expertise in the baking mix category, while Godiva's brand and reputation will offer the premiumization and convenience many home cooks are increasingly seeking. If the mixes fare well, Godiva may win chocolate consumers for its additional chocolate products, while General Mills could revamp previously flagged sales for its Betty Crocker and Bisquick brands in an increasingly competitive and fast-growing bakery products market (CAGR 2.6%) with success streaming from other chocolatiers such as Ghirardelli.

### ***Coca-Cola Announces Sale of Shepparton Cannery Business.***

Australian bottling power house Coca-Cola Amatil (CCA) announced the sale of its non-core asset Ardmona-based Shepparton Preserving Company (SPC) to Shepparton Partners Collective for \$40 million. CCA is one of five major Coca-Cola bottlers, serving the Asia-Pacific region. Since their acquisition of SPC in 2005, CCA has invested more than \$250 million into operational efficiencies and new equipment, allowing the cannery to gain market share and launch Australia's first organic canned tomatoes, among other achievements.

CCA's group managing director Alison Watkins welcomed the sale, noting that the outcome is "good news for the Goulburn Valley," as the Melbourne-based private equity firm has both domestic and international experience in food, supply chain, finance, agribusiness, retail and technology. In contrast, State Member of Parliament for Shepparton, Suzanna Sheed expressed concerns about one of community's most essential businesses being controlled by a private equity firm. Successful SPC performance in the next four years is expected to generate another \$15 million for CCA.

### ***Mondelez Considering Sale of Philadelphia Soft Cheese Segment.***

Mondelez is reportedly considering a sale of its Philadelphia soft cheese unit as the business looks to increase focus on their fast-growing chocolate and biscuit brands. Private equity firms and investment banks are evaluating the business, with the sale potentially bringing in billions of dollars. Mondelez restructured its grocery and cheese brands into a separate business in 2015 which sparked speculation of a potential break-up. This dairy divestment for Mondelez would follow suit of their Kraft cheese divestment in their Middle East and Africa dairy segment. A spokesman for Mondelez commented "Philadelphia is a high-quality business for us and provides strong margin and cash flow, as well as scale benefits in several markets."

### ***Before The Butcher Acquired by Owners of Ground Beef Company.***

Startup, Before The Butcher, announced it has been acquired by private investors Gregg and Jeff Hamann, the owners of ground beef producer Jensen Meat Company. The two-year-old company currently offers 12 products that includes plant-based beef, chicken and turkey burgers which is made from a proprietary combination of soy, coconut and canola oils, and natural seasonings. The plant-based meats market is continuing to grow and become increasingly competitive, as the global market is expected to grow to more than \$21 billion by 2025. Before The Butcher's products can be found in 1,000 restaurants and 20 school districts and is anticipating its retail footprint to reach 3,000 stores by August. Danny O'Malley, CEO and founder of Before The Butcher stated "This acquisition validates our diversified product strategy and also gives us both the financial resources and the production capacity to support our strong growth forecasts. It effectively turns us from a startup to a major player in the space."

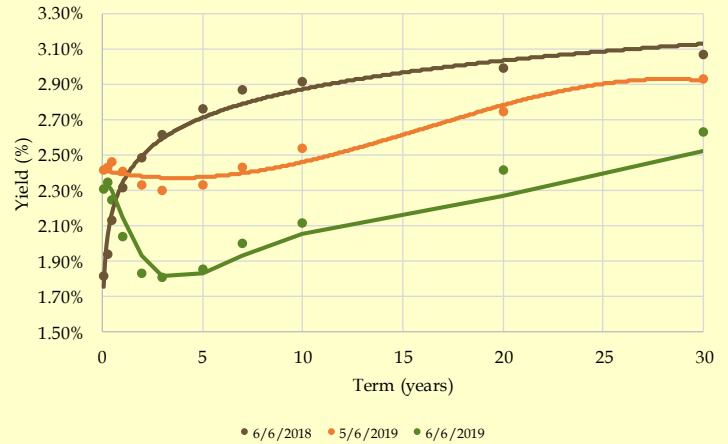
The Jensen Meat Company acquisition displays meat companies increasing interest in diversifying their businesses to include the demanding plant-based options for consumers. With Beyond Meats' strong IPO and Tyson introducing its own plant-based options, the plant-based market is changing drastically and becoming more crowded. Just in plant-based burgers alone, there's market leaders Beyond Meat, Impossible Foods, Lightlife, and Morningstar along with Nestle soon debuting its Awesome Burger under their Sweet Earth Foods brand. The acquisition grants Before The Butcher access to \$25 million line of credit, a 90,000-sf production space and cold storage warehousing facilities. Financial details for the acquisition were not disclosed.



# Loans

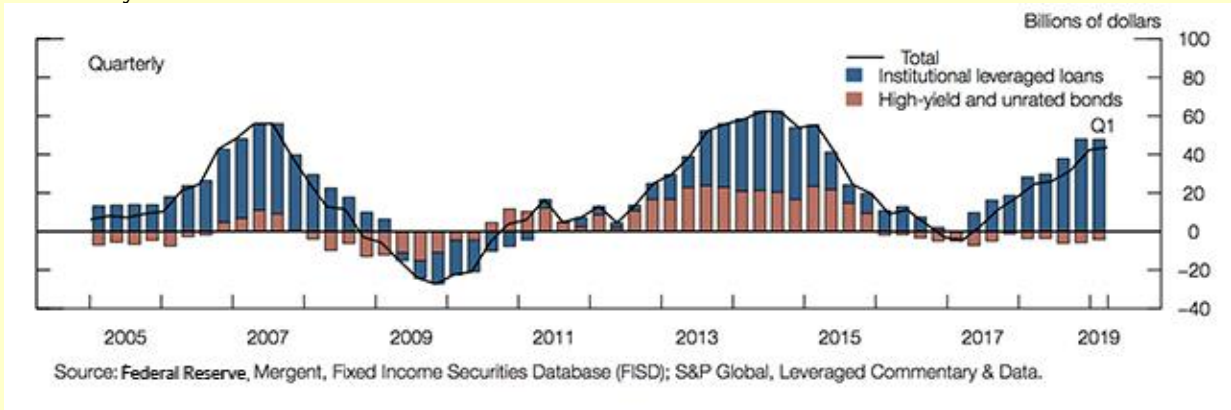
Last week the Federal Reserve released its latest version of the 'Beige Book', a periodic update on the U.S. economy compiled from reports from each of the twelve Federal Reserve Bank regions. In summary, the report noted that the U.S. economy expanded a "a modest pace overall" from April to mid-May, but growth was partly held in check by labor shortages and worries over tariffs on China. This is an improvement from the prior Beige Book, which characterized U.S. growth as "slight to moderate". Manufacturing and agriculture were noted as weaknesses in the latest report. On the banking and finance side, many districts reported increases in loan demand across all categories, continued refinancing activity, and overall unchanged credit quality. These characteristics, combined with steady delinquency rates indicate a stable lending market for both consumer and corporate borrowers.

## U.S. Treasury Yield Curve

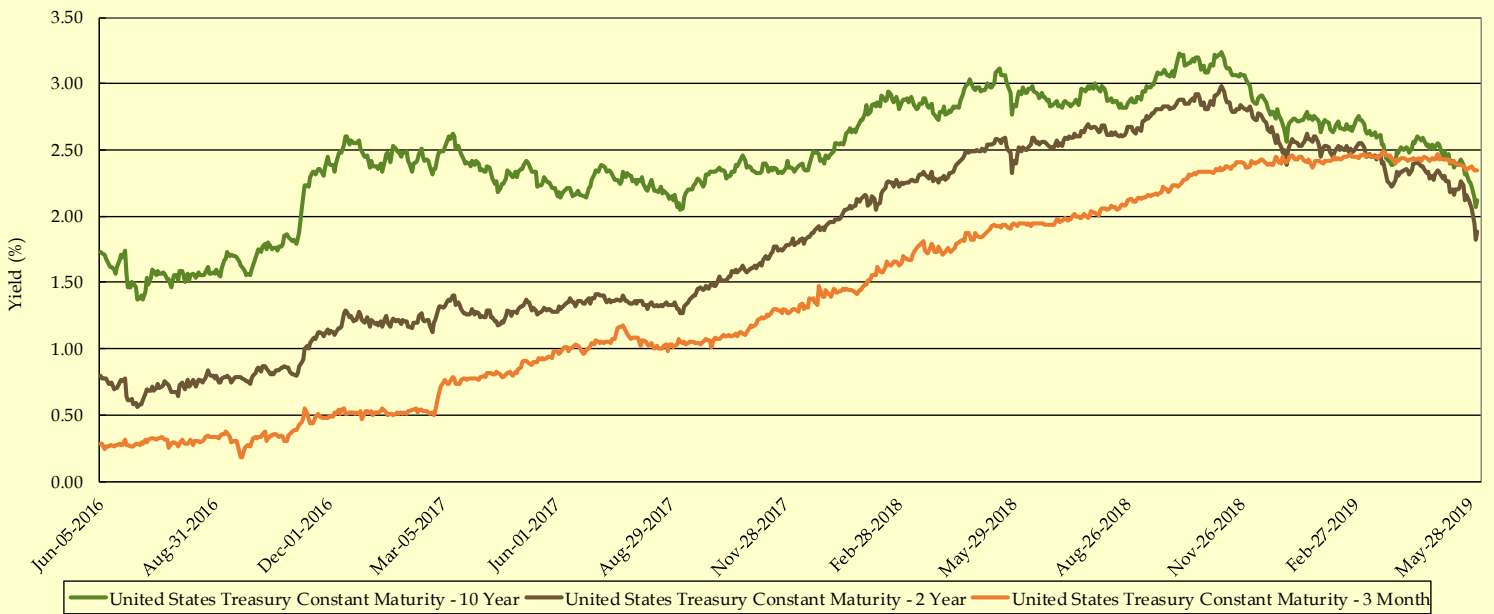


Source: CapitalIQ.

## Net Issuance of "Risky" Business Debt



## U.S. Treasury Yields



Source: CapitalIQ.

# Commodities Overview (1-year & 12-year History)

## Cattle



## Sugar



## Milk



## Cotton



## Soybeans



## Oil



Broiler price based off spot closing price. All other commodity prices are based off the closing price of their respective nearby futures contract.

Sources: Thomson Financial Data Securities, Capital IQ, Reuters, Edgar Online, Wall Street Journal, Barron's, New York Times, Bloomberg, Chicago Tribune, Denver Post, MarketWatch, USDA, The Economist, BusinessWeek, Food Institute, Food Business News, Supermarket News, LPC, Company Press Releases. The information contained in this publication is compiled using publicly available news/media sources and industry-specific sources that Lakeshore Food Advisors, LLC ("LFA") believes to be reliable, but the accuracy and completeness of which LFA cannot guarantee.

Please send your feedback and comments to William Pink at 312.348.7082 or [bpink@lakeshorefoodadvisors.com](mailto:bpink@lakeshorefoodadvisors.com).